

DEPARTMENT OF ECONOMIC DEVELOPMENT

FINANCIAL SUMMARY

	FY 2007 EXPENDITURE	FY 2008 APPROPRIATION	FY 2009 REQUEST	GOVERNOR RECOMMENDS FY 2009
Business and Community Services	\$ 54,860,187	\$ 112,840,587	\$ 143,348,447	\$ 127,197,935
Workforce Development	111,351,287	145,004,241	144,993,441	145,624,022
Division of Tourism	17,772,811	20,674,810	22,174,810	24,674,810
Affordable Housing	5,411,638	4,958,650	4,934,484	4,944,428
Utility Regulation	15,071,023	18,499,584	18,589,661	18,858,485
Administrative Services	3,749,394	3,381,631	3,380,113	3,418,905
DEPARTMENTAL TOTAL	\$ 208,216,340	\$ 305,359,503 *	\$ 337,420,956	\$ 324,718,585
General Revenue Fund	42,824,008	64,257,953	75,388,893	78,297,659
Federal Funds	134,272,418	169,435,600	169,424,800	169,847,375
Other Funds	31,119,914	71,665,950	92,607,263	76,573,551
Full-time equivalent employees	891.28	983.87	983.87	975.87

* Does not include \$100,000 recommended in the Fiscal Year 2008 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Economic Development supplemental appropriations.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2009 budget provides a total of \$324.7 million for the Department of Economic Development. The Department provides services to Missourians and businesses to facilitate economic success. Core functions provided by the Department of Economic Development include:

- Facilitating location options, expansion, retention, or start-up of businesses to help create and retain high-quality employment opportunities for Missourians.
- Administering tax credit programs designed to assist with business recruitment and workforce training.
- Oversight and regulation of public utility companies to ensure Missourians receive reliable and safe services.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
BUSINESS AND COMMUNITY SERVICES**

FINANCIAL SUMMARY

	FY 2007 EXPENDITURE	FY 2008 APPROPRIATION	GOVERNOR RECOMMENDS FY 2009
Missouri Economic Research and Information Center	\$ 0	\$ 2,096,490	\$ 2,192,604
Marketing	1,551,954	4,926,000	4,263,634
Sales	1,524,036	2,176,080	1,524,301
Finance	905,748	1,236,115	1,169,839
Compliance	629,348	847,889	829,801
Small Business Development Centers	0	500,000	500,000
Community Development and Block Grant Program	26,947,416	28,000,000	28,000,000
Local Initiatives Support Program	0	275,000	0
Missouri Technology Investment	3,205,885	9,129,999	9,129,999
Jobs Retention Training Program	4,285,366	10,000,000	10,000,000
Missouri Community College New Jobs Training	4,920,374	16,000,000	16,000,000
Community Redevelopment and Assistance	5,428,470	12,075,202	13,239,871
Arts and Cultural Development	5,461,590	12,122,347	20,972,886
Life Sciences Research	0	13,455,465	19,375,000
TOTAL	\$ 54,860,187	\$ 112,840,587	\$ 127,197,935
General Revenue Fund	14,192,262	28,948,982	38,931,569
Federal Funds	30,862,665	37,221,576	37,005,608
Other Funds	9,805,260	46,670,029	51,260,758

BUSINESS AND COMMUNITY SERVICES

The Business and Community Services Division consists of the Marketing, Sales, Finance, and Compliance Teams. The division promotes Missouri as a great place to do business and helps create an environment that will stimulate family supporting jobs and new private investment. Other services include various programs aimed at investing in Missouri's communities to allow for future sustainable growth and to increase opportunities for new local and state revenues.

MISSOURI ECONOMIC RESEARCH AND INFORMATION CENTER (MERIC)

MERIC is the research division for the Missouri Department of Economic Development. This section provides innovative analyses and assistance to policymakers and the public, including studies of the state's targeted industries and economic development initiatives. Other MERIC research includes Economic Condition Reports, Economic Impact Assessments, and Labor Market Information produced in cooperation with the U.S. Department of Labor.

Fiscal Year 2009 Governor's Recommendations

- \$53,556 for pay plan, including \$5,503 general revenue.
- \$42,558 and one staff reallocated from the Sales Team.
- (Two) staff core reduction from the Fiscal Year 2008 appropriation level.

MARKETING

The Marketing Team produces print and media materials to market the state. The team markets Missouri at the national and international level to increase lead opportunities and generally support the Sales and Finance Teams.

Fiscal Year 2009 Governor's Recommendations

- \$15,724 for pay plan, including \$10,292 general revenue.
- (\$677,000) Economic Development Advancement Fund core reduction from the Fiscal Year 2008 appropriation level.
- (\$1,090) transferred to the Office of Administration for information technology services.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS AND COMMUNITY SERVICES (Continued)

SALES

The Sales Team provides individualized customer service, through regional and industry specialization, to businesses considering locating or expanding within the state. Sales Team staff work to develop export promotion opportunities for Missouri businesses to take their products and services to key world markets.

Fiscal Year 2009 Governor's Recommendations

- \$34,341 for pay plan, including \$26,617 general revenue.
- (\$442,269) Missouri Job Development Fund and (eight) staff reallocated to Workforce Development.
- (\$199,000) Economic Development Advancement Fund core reduction from the Fiscal Year 2008 appropriation level.
- (\$42,558) and (one) staff reallocated to the Missouri Economic Research and Information Center.
- (\$2,293) transferred to the Office of Administration for information technology services.

FINANCE

The Finance Team administers the tax incentive programs offered by the department.

Fiscal Year 2009 Governor's Recommendations

- \$26,602 for pay plan, including \$18,078 general revenue.
- \$21,773 and .75 staff reallocated from the Compliance Team.
- (\$81,000) Economic Development Advancement Fund core reduction from the Fiscal Year 2008 appropriation level.
- (\$31,828) federal funds and (.8) staff reallocated to the Compliance Team.
- (\$1,823) transferred to the Office of Administration for information technology services.

COMPLIANCE

The Compliance Team assures accountability for each program by assessing the operations. The team conducts file reviews, on-site monitoring, eligibility determinations, and assures necessary claw-backs are pursued. The Compliance Team works proactively with the Finance Team to assure compliance standards are met for all programs.

Fiscal Year 2009 Governor's Recommendations

- \$16,197 for pay plan, including \$4,455 general revenue.
- \$31,828 federal funds and .8 staff reallocated from the Finance Team.
- (\$43,000) Economic Development Advancement Fund core reduction from the Fiscal Year 2008 appropriation level.
- (\$21,773) and (.75) staff reallocated to the Finance Team.
- (\$1,340) transferred to the Office of Administration for information technology services.

SMALL BUSINESS DEVELOPMENT CENTERS

Missouri Small Business Development Centers (SBDCs) assist small businesses through counseling, training programs, research, and other resources. Thirteen offices throughout the state assist business owners through individualized counseling, marketing strategies, small business management, financial analysis, and access to technology.

Fiscal Year 2009 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS AND COMMUNITY SERVICES (Continued)

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Community Development Block Grant program provides grants to non-entitlement cities and counties for community development activities that: (1) benefit at least 51 percent low and moderate income persons, (2) eliminate slum and blight, or (3) meet urgent threats to health and safety. Typical projects include infrastructure expansion, downtown revitalization, housing rehabilitation, housing financing, Americans with Disabilities Act accessibility improvements, and community facility projects.

Fiscal Year 2009 Governor's Recommendations

Continue funding at the current level.

LOCAL INITIATIVES SUPPORT PROGRAM

NeighborhoodsNOW is an urban core revitalization program developed by Greater Kansas City Local Initiatives Support Corporation (Greater Kansas City LISC) and its partners that takes a comprehensive approach by inviting the public, private, and philanthropic sectors to help transform targeted Missouri neighborhoods into more stable communities. The mission is to rebuild neighborhoods physically, economically, and socially by concentrating funding from government, philanthropic, and corporate partners in seven targeted urban core neighborhoods.

Fiscal Year 2009 Governor's Recommendations

- (\$275,000) core reduction for one-time expenditures.

MISSOURI TECHNOLOGY INVESTMENT

The Missouri Technology Investment Fund supports business modernization, technology application, technology commercialization, and technology development. The following programs are supported by the Missouri Technology Investment Fund.

Missouri Manufacturing Extension Partnership – The partnership provides business and technical assistance to the state's small and medium size manufacturers. The assistance enables the manufacturers to become and remain competitive by retaining existing jobs and creating new jobs. The Missouri Manufacturing Extension Partnership is a public-private partnership including the U.S. Department of Commerce's National Institute of Standards and Technology and the University of Missouri System.

Innovation Centers – Innovation centers offer a wide range of management and technical assistance to technology-based businesses. Clients become a part of a network of state, federal, university, and private resources designed to develop and support high-growth businesses. Currently, centers are located in St. Louis, Rolla, Columbia, Cape Girardeau, and Joplin.

Missouri Technology Corporation – The corporation promotes the modernization of business through the transfer of science, technology, and quality improvement methods to the workplace and enhances the productivity and competitiveness of Missouri's businesses by providing leadership and establishing methods of technology application, commercialization, and development.

Fiscal Year 2009 Governor's Recommendations

Continue funding at the current level.

JOBS RETENTION TRAINING PROGRAM

Created by Sections 178.760-178.764, RSMo, the Jobs Retention Training Program provides an incentive for the retention of existing jobs by providing education and training to workers for expanding industries by community college districts.

Fiscal Year 2009 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS AND COMMUNITY SERVICES (Continued)

MISSOURI COMMUNITY COLLEGE NEW JOBS TRAINING

Created by Sections 178.892-178.896, RSMo, the Missouri Community College New Jobs Training Program provides an incentive for the creation of new jobs by providing education and training of workers for new or expanding industries by community college districts.

Fiscal Year 2009 Governor's Recommendations

Continue funding at the current level.

COMMUNITY REDEVELOPMENT AND ASSISTANCE

Community Redevelopment and Assistance consists of the Missouri Community Service Commission, Missouri Small Business Regulatory Fairness Board, Missouri Military Preparedness and Enhancement Commission, Missouri Development Finance Board, and Missouri Main Street Program. These programs promote volunteerism and community services, monitor the impact of state regulations on small business, design and implement measures to retain and protect military posts or bases in Missouri, and administer a range of financing programs through revenue bonds, notes, and tax credits.

Fiscal Year 2009 Governor's Recommendations

- \$1,157,993 for current tax increment financing projects.
- \$6,676 for pay plan, including \$1,195 general revenue.

ARTS AND CULTURAL DEVELOPMENT

Missouri Arts Council - The Missouri Arts Council provides financial assistance to non-profit organizations through grants that encourage growth, development, and appreciation of the arts in Missouri. Program assistance is provided in specific arts discipline areas including dance, electronic media arts, festivals, literature, music, theatre, visual arts, arts services, community arts, folk arts, minority arts, touring, mini-grants, and arts education. Program assistance awards provide seed money on a matching basis to not-for-profit applicants throughout Missouri.

Missouri Humanities Council - The Missouri Humanities Council is the state affiliate of the National Endowment for the Humanities. The Missouri Humanities Council's mission is to help citizens of Missouri learn about the history, literature, and the ideas that shape democracy. Programs help communities understand and celebrate a shared history and assist local institutions in developing the capacity to engage the public in lifelong learning activities. The Missouri Humanities Council also provides on-site consulting and workshops to help local museums and cultural institutions organize ideas.

Public Television and Public Radio - Funds are distributed to Missouri public television and radio stations for operating assistance pursuant to Section 143.183, RSMo.

Fiscal Year 2009 Governor's Recommendations

- \$6,780,000 transferred to the Missouri Arts Council Trust Fund pursuant to Section 143.183, RSMo.
- \$1,130,000 transferred to the Missouri Humanities Council Trust Fund pursuant to Section 143.183, RSMo.
- \$1,130,000 transferred to the Missouri Public Broadcasting Corporation Special Fund pursuant to Section 143.183, RSMo.
- \$102,000 Missouri Humanities Council Trust Fund for additional programs.
- \$8,539 federal funds for pay plan.
- (\$300,000) federal funds and (one) staff core reduction from the Fiscal Year 2008 appropriation level.

LIFE SCIENCES RESEARCH

The mission of the Life Sciences Research Board is to enhance the capacity of the State's ability to perform research to better serve the health and welfare of Missouri residents as a center of life sciences research and development by building on the success of research institutions located in Missouri, attracting new research and development institutions, commercializing the life sciences technologies developed by such institutions, and enhancing their capacity to carry out their respective missions.

Fiscal Year 2009 Governor's Recommendations

- \$5,919,535 Life Sciences Research Trust Fund to enhance the state's research capacity with a focus on animal health and nutrition as well as plant science.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
WORKFORCE DEVELOPMENT**

FINANCIAL SUMMARY

	FY 2007 EXPENDITURE	FY 2008 APPROPRIATION	GOVERNOR RECOMMENDS FY 2009
Workforce Development Administration	\$ 18,975,164	\$ 24,387,506	\$ 25,005,680
Workforce Programs	84,735,282	109,246,734	109,246,734
Missouri Job Development Fund Transfer	7,356,421	11,083,939	11,083,939
Women's Council	68,419	70,062	71,669
Special Employment Security Fund	216,001	216,000	216,000
TOTAL	\$ 111,351,287	\$ 145,004,241	\$ 145,624,022
General Revenue Fund	9,447,994	13,264,502	13,264,502
Federal Funds	101,113,118	130,593,057	131,207,092
Other Funds	790,175	1,146,682	1,152,428

WORKFORCE DEVELOPMENT

The Division of Workforce Development provides a well-balanced employment and training system, giving Missourians the opportunity to achieve their full career and employment potential through high-quality programs. Missouri employers also benefit from a more competitive and better-trained workforce. The Job Service (Wagner-Peyser) Program offers a network of services delivered in a customer-focused environment to help people find and retain employment. Services include provision of labor market information, career counseling, testing, and job readiness training. Services also include assisting employers in meeting their employment needs by referring qualified workers for job openings and providing information to help plan for future workforce needs. The Job Service Program is federally funded and administered by the Division of Workforce Development. These funds are targeted toward all Missourians who are changing careers, looking for their first job, unemployed, economically disadvantaged, school dropouts, and dislocated workers.

WORKFORCE DEVELOPMENT ADMINISTRATION

Workforce Investment Act funds, along with federal Job Service Program funds, are administered by the Division of Workforce Development. These funds are targeted toward the economically disadvantaged, Temporary Assistance for Needy Families recipients, school dropouts, and dislocated workers.

Fiscal Year 2009 Governor's Recommendations

- \$628,974 federal and other funds for pay plan.
- (\$10,800) federal funds transferred to the Office of Administration for leasing operations.
- Eight staff reallocated from the Sales Team.
- (Five) staff core reduction from the Fiscal Year 2008 appropriation level.

WORKFORCE PROGRAMS

The mission of the federal Workforce Investment Act Program is to serve Missourians by providing training and employment opportunities; establishing a flexible, coordinated, and decentralized training system; and coordinating these programs with other employment and training-related programs. The employment and training programs offered on a statewide basis include: Workforce Investment Act programs, the Trade Adjustment Assistance Program, North American Free Trade Agreement programs, Rapid Response Worker programs, the Temporary Assistance for Needy Families Program, the Missouri Employment and Training Program, and the Parent's Fair Share Program. Individuals who meet eligibility requirements for the programs may access services to make them more competitive in the workforce. Historically, the Division of Workforce Development, along with local workforce investment areas, have provided a full range of services authorized under the Workforce Investment Act which are designed to prepare individuals with barriers to employment for the workforce. Services include referral to job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation. The Missouri Training and Employment Council provides direction to the Division of Workforce Development on policies and procedures to ensure that local workforce investment area programs comply with Workforce Investment Act financial and program requirements.

Fiscal Year 2009 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

WORKFORCE DEVELOPMENT (Continued)

MISSOURI JOB DEVELOPMENT FUND

The Missouri Job Development Fund helps new and expanding businesses train Missouri's workforce.

Fiscal Year 2009 Governor's Recommendations

Continue funding at the current level.

WOMEN'S COUNCIL

Through its meetings, staff support, and other activities, the Missouri Women's Council addresses the issues of expanding women's opportunities through education and training programs. The council works to increase occupational mobility in lower- and middle-employment levels, provides access to jobs with higher skill and managerial duties, promotes small business opportunities, and provides access to non-traditional skills through apprenticeships and vocational training. The council also prepares an annual state needs assessment to identify problem geographic areas; establishes long- and short-term goal statements; inventories current federal, state, local, and private programs relating to women's economic needs; and prepares plans to address those problem areas.

Fiscal Year 2009 Governor's Recommendations

- \$1,607 federal funds for pay plan.

SPECIAL EMPLOYMENT SECURITY FUND

The Special Employment Security Fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law.

Fiscal Year 2009 Governor's Recommendations

Continue funding at the current level.

DIVISION OF TOURISM

The Division of Tourism promotes Missouri's tourist destinations and attractions with multi-media campaigns and direct marketing, a web site, vacation guides, public relations efforts, and a cooperative marketing program. The Division of Tourism currently operates seven tourism welcome centers located at key entry points near the state's borders and plans to open another in Joplin in Fiscal Year 2009. Since Fiscal Year 1995, the division has been funded with a portion of the growth in tax revenues on tourism-oriented goods and services.

Fiscal Year 2009 Governor's Recommendations

- \$4,000,000 transferred to the Division of Tourism Supplemental Revenue Fund.

AFFORDABLE HOUSING

Missouri Housing Development Commission – The Missouri Housing Development Commission (MHDC) was established in 1969 to assist with the creation of housing for low- and moderate-income people of Missouri.

The MHDC generates affordable rental housing through a variety of funding sources, including its own fund balances, the state's allocation of federal funds, its authority to issue tax-exempt and taxable bonds, and state and federal housing tax credits. The MHDC offers programs for qualified first-time homebuyers, as well as funds for home repairs to aid in the prevention of homelessness.

Manufactured Housing Program – Staff of the Manufactured Housing Program are responsible for overseeing the annual registration of dealers and manufacturers of manufactured homes and modular units, prescribing and enforcing uniform construction and safety standards by conducting code inspections, addressing consumer complaints, and enforcing set-up and tie-down requirements.

Fiscal Year 2009 Governor's Recommendations

- \$9,944 Manufactured Housing Fund for pay plan.
- (\$24,166) Manufactured Housing Fund core reduction for one-time expenditures.

DEPARTMENT OF ECONOMIC DEVELOPMENT

UTILITY REGULATION

Office of Public Counsel – The Office of Public Counsel is the state's consumer advocate involved in matters of utility ratemaking and regulation. Attorneys and technical staff analyze utility rate cases and provide testimony and cross-examination in hearings held before the Public Service Commission (PSC). The Public Counsel also has the right to appeal PSC cases through the court system.

Public Service Commission – The PSC regulates the rates, finances, safety, and quality of service of private, investor-owned telephone, gas, electric, water, and sewer utilities, and the safety of rural electric cooperatives and municipal gas systems. The commission is divided into six sections: executive, adjudication, administration, general counsel, utility operations, and utility services. Additionally, the PSC oversees the administration of the Relay Missouri service in the state. Relay Missouri provides deaf, hard-of-hearing, and speech-impaired citizens access to the telephone network and is funded through a monthly, per-line surcharge.

The Executive Section includes the five commissioners, who are appointed by the Governor with advice and consent of the Senate. The commission's statutory responsibilities include hearing cases and issuing reports and orders. The section also includes an executive director -- the PSC's chief operations officer responsible for the overall administrative functions and the policy direction of the staff, the public information and education department, and the legislative coordinator.

The Adjudication Section is the PSC's quasi-judicial section. A staff of eight regulatory law judges handles the cases from filing to resolution. The judges preside over hearings, rule on objections and motions, and draft all orders, as directed by the commission, for a particular case. The Adjudication Section also contains the commission's data center. This section accepts all pleadings, tariffs, and other case-related documents; issues the certified orders of the commission; and maintains the permanent case files of the commission.

The Administration Section is responsible for managing the commission's fiscal, personnel, and information resources. The consumer services unit receives, investigates, and responds to consumer complaints to ensure compliance with commission rules and regulations and utility company tariffs.

The Office of General Counsel represents the commission and staff in all matters relating to Missouri utility regulation. Its duties consist of assisting and advising agency staff in the preparation and filing of evidence in legal proceedings and preparing and presenting legal arguments in appearances before the commission, state and federal courts, and administrative tribunals.

The Utility Operations Section supports the commission in meeting its statutory responsibilities by providing technical expertise in energy safety, utility rates, tariffs, rules and regulations, economic analysis, engineering oversight and investigations, and construction inspections.

The Utility Services Section supports the commission by providing expertise in the areas of utility accounting, auditing, engineering, finance, management, and natural gas procurement. The section is also responsible for investigating and responding to consumer complaints and making recommendations to the commission regarding their resolution.

Fiscal Year 2009 Governor's Recommendations

- \$61,780 Public Service Commission Fund for replacement vehicles.
- \$30,800 to support responsibilities of the Eminent Domain Ombudsman.
- \$321,824 for pay plan, including \$19,154 general revenue.
- (\$48,332) Public Service Commission Fund for four replacement vehicles.
- (\$4,936) transferred to the Office of Administration for information technology services.
- (\$2,235) Public Service Commission Fund transferred to the Office of Administration for janitorial services.

ADMINISTRATIVE SERVICES

The Administrative Services Division provides direction and guidance to the department. Through policy development, legislative coordination, communications (public information) and research, the efforts of the divisions are aligned toward achieving improved performance for its customers. The division provides centralized support services, including establishment and maintenance of financial systems, personnel functions, and budget and planning. Administrative Services also provides legal assistance, facilities management, and telecommunications services for divisions within the department.

Fiscal Year 2009 Governor's Recommendations

- \$64,426 for pay plan, including \$13,619 general revenue.
- (\$25,634) federal and other funds core reduction for mailroom consolidation from the Fiscal Year 2008 appropriation level.
- (\$1,518) transferred to the Office of Administration for information technology services.